

The Climate Trust: Revolving Loans to Fund Emissions Reductions

Air Innovations Conference

Financing Innovative Programs Session

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The Climate Trust

Non-Profit Buyer of GHG Offsets

- **Carbon Offset Market Leader**

- One of largest and most experienced offset buyers in US and world markets
 - **Projects:** 10+ projects, \$4 million, 1.6 million metric tons CO₂
 - **Pipeline:** \$7 million more in acquisitions underway

- **2 Major Programs**

- **Oregon CO₂ Offset Program**
 - New power plants must offset part of their CO₂ emissions
 - Power plants comply by paying money to The Climate Trust
- **GHG Offset Partnership Program**
 - Significant and growing revenue source

Diverse, High Quality Offset Portfolio

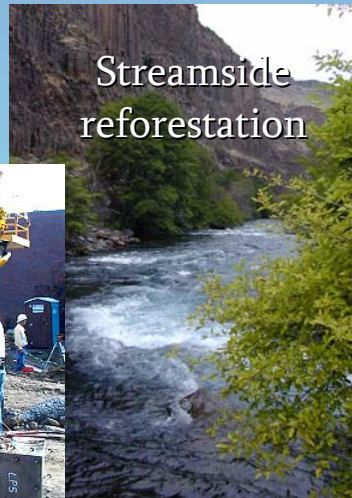
Offset: Specific Project That Reduces GHG Levels



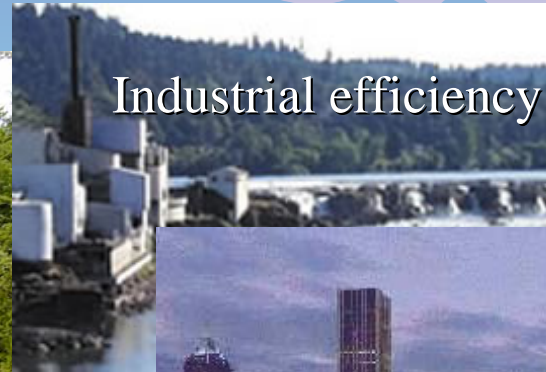
Wind



Truck stop idle reduction



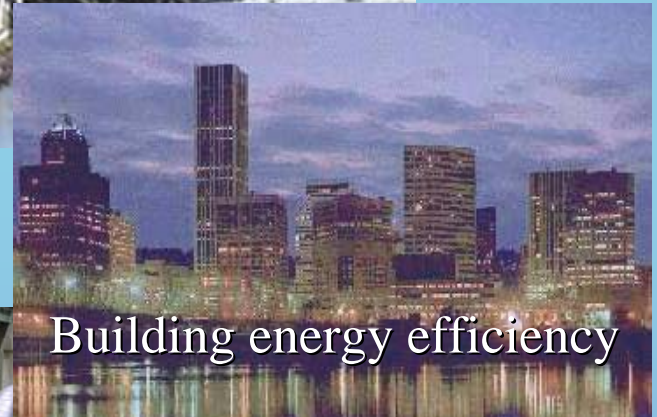
Streamside reforestation



Industrial efficiency



Blended cement



Building energy efficiency



Traffic signal optimization



Cogeneration



Rainforest reforestation

Innovation and Leveraging Our Funds

Two Key Corporate Values

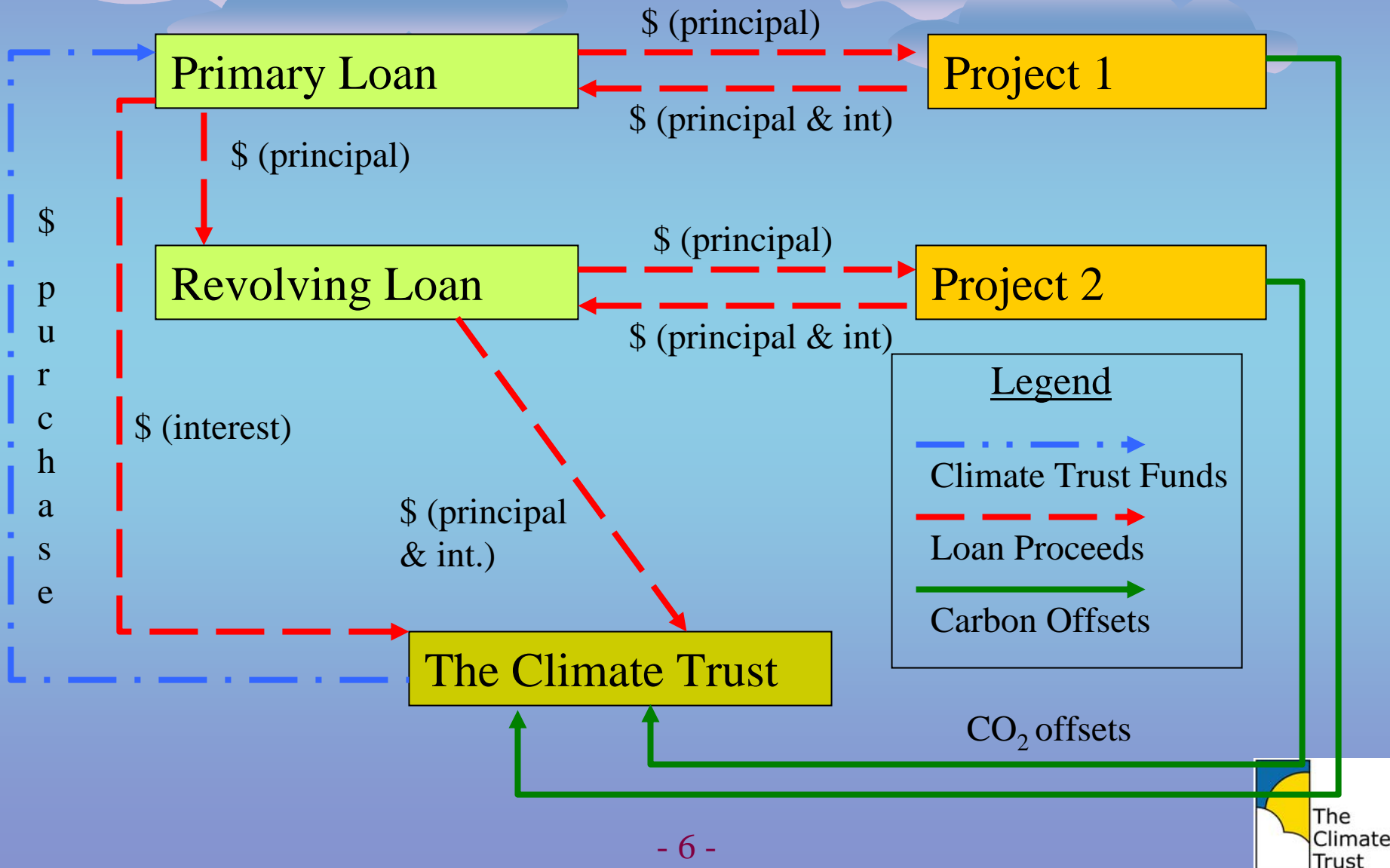
- **Goal: Innovations in carbon offset market**
 - GHG offsets are a new commodity
 - Offset contracting
 - Types of technology
 - Types of partners
- **Goal: Get the most “quality CO₂ tons/dollar”**
 - Leveraging thru multi-purpose projects
 - Leveraging thru loan mechanisms

Diesel Emissions Revolving Loan Fund

Targets: Diesel Trains and Trucks

- Market assessment and Fund design
- Launch the Fund with state, federal and private partners
- Place funds in eligible projects in EPA Regions 9 and 10
- Monitor performance and record emission reductions
- Collect repayment of loaned funds and re-invest in eligible projects to demonstrate “revolving loan” capability

Revolving Loan Structure



Funding for Proposed Project

\$550k Program

- **Market assessment; design and launch fund**
 - \$50k USEPA
- **Fund capitalization:**
 - \$100 k USEPA
 - \$150k Climate Trust
 - \$250k State & local tax credits/loans; vendors; other credit mechanisms

Project Team

Carbon Offset, Financing, and Environmental Expertise

- **The Climate Trust**
 - Team Lead Manager; providing capital for the Fund;
- **Shorebank Enterprise**
 - Financial Advisor and Fund Administrator
 - Identify/secure additional capital and credit enhancement
- **Oregon Department of Energy**
 - Technical Advisor
 - Business Energy Tax Credit; state energy loan program
- **Oregon Department of Environmental Quality**
 - Assessment of community health and quality of life benefits
- **Others:** Short line rail association

Major Timelines

Launch of Fund Anticipated in a Year

- Task 1: Regional Market Assessment
 - *September 2005 to February 2005*
- Task 2: Fund Design
 - *November 2005 to April 2006*
- Task 3: Launch Fund
 - *April to July 2006*

Significant Air Pollution Benefits

Assuming 10 Years of Service Life

- **Criteria pollutants:**
 - 1,000 tons of NO_x,
 - 25 tons of PM_{2.5}
 - 300 tons of CO
 - 200 tons of hydrocarbons
- **GHG: 14,000 metric tons of CO₂**
- **Environmental justice and noise pollution**